EII Property World Invest (ex-U.S.) Fund

Annual Report and Audited Financial Statements

For the financial year ended 31 December 2016

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General information

Directors of the Manager	Mary Broughan (Irish) (Independent) Declan McCourt (Irish) (Independent) Christian Lange (American) Andrew Cox (British) (All Directors are non-executive)
Manager	EII Real Estate Securities Advisors Limited 25/28 North Wall Quay International Financial Services Centre Dublin 1 Ireland
Investment Manager and Distributor	EII Capital Management, Inc. 640 Fifth Avenue, 8th Floor New York 10019 USA
Administrator and Transfer Agent	Capita Financial Administrators (Ireland) Limited 2nd Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
Independent Auditor	KPMG 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Irish Legal Advisers & Secretary	A & L Goodbody 25/28 North Wall Quay International Financial Services Centre Dublin 1 Ireland
Trustee and Depositary	BNY Mellon Trust Company (Ireland) Limited Guild House Guild Street International Financial Services Centre Dublin 1 Ireland
Sponsoring Irish Stock Exchange Broker	A&L Listing Limited 25-28 North Wall Quay International Financial Services Centre Dublin 1 Ireland

Annual overview

All eyes on “The Donald.” We noted previously that monetary policy was taking a step back from the limelight to be replaced by a burgeoning “fiscal wave” with announcements or proposals for fiscal measures in Canada, Australia, Italy, Japan and the UK. It was also expected that the next US president would join in … but that expectation became, arguably, a certainty as the “The Donald” led the Republican Party to a sweep of the White House and congressional houses.

Even before the US election, we expected the implied new economic regime to be inflationary and reflationary – albeit moderately so – anticipating that sovereign bond yields had hit an important inflection point with the previous downward bias evolving to an upwards bias. But with Trump’s ascendancy, the bond market now appears to be pricing in our earlier moderate view “times 2.” While increases were generally sharpest in the US and Australia, average yields on G7 sovereign 10-year bonds (Bloomberg: BG7SOV Index) traded up as much as 31 (0.31%) basis points (bps) following the election after having appeared to stabilize following an increase of 27 bps from their 2016 low on July 6th. At the same time, the Federal Reserve raised its projected trajectory for the Fed Funds rate by about 0.25% at their last meeting in December (source: Cornerstone Advisors, January 4, 2017 note), lending credence to a view that it was getting hawkish in reaction to an inflationary interpretation of Trump policy.

Admittedly, there is much about the evolving Trump agenda and its impact on the US economy – either negative or positive – that is uncertain. However, the increasing probability we are moving into a more sustained period of rising inflation and bond yields has raised important derivative questions that influence our portfolio views:

1.) With US 10-year Treasury yields rising, will property capitalization rates finally have to go up? NOT NECESSARILY: Evidence shows that property values do not suffer meaningful declines absent a recession. If investors are willing to accept tighter spreads for property yields over the risk-free rate (in anticipation of stronger cash flow growth), then we believe US REIT and real estate values could withstand a 10-year yield approaching 4%… albeit with a fair amount of volatility accompanying that transition.

2.) Is the cap rate compression story for European property over? NOT LIKELY… but moderating: A key aspect of our call for a “Second Act for European Property” was the expectation that cap rates would fall as bond yields were driven down by ECB quantitative easing. Given a mix of both cap rate compression and recently rising European 10-year yields, we now think the scope is reduced. In fact, our signal for potential compression dropped by roughly half between June and December 2016 (differs by metro). With cap rate compression moderating, we believe that investors will have to really focus on markets and portfolios that are achieving, or are likely to achieve, actual rent growth.

3.) Can the Australian 10-year de-couple from that of the US? LIKELY: Ten-year sovereign bond yields have moved up by roughly 100 bps in both markets since their respective lows in July and August, putting downwards pressure on the local REIT indices. However, since the end of 1999, the Australian 10-year level has traded much more closely to its local central bank cash rate than has the US 10-year (average multiple of 1.15x for Australia but 5.43x for the US). Median forecasts for central bank rates and 2-year sovereign bond yields are predicting increases in 2017 versus 2016 for the US, but decreases in Australia (source: Bloomberg, December 31, 2016). With US and Australian monetary policy, thus, likely to diverge in 2017, the Australia 10-year may not trade in lockstep (up?) with the US treasury. That would support Australian REIT valuations.

4.) Can the Japanese listed property market continue its recent rebound? LIKELY: A weaker Yen means that Japanese companies benefit from an increase in profits when translating foreign earnings into Yen terms; it also can support tourist arrivals (willing to shop in the weaker Yen). Investment and tourist spending prop up economic growth, and a weaker Yen should, on the margin, result in higher inflation. Given the assumption that the Trump agenda will FINALLY make the Federal Reserve stick to their hiking guns in 2017, the Yen has scope to continue weakening.

Over the quarter, our global, international and US strategies delivered positive attribution versus their respective indices; and for the full year the US strategy generated positive relative attribution. The global portfolio saw positive contributions from all three regions over the quarter, including in Japan, a market that, for the full year, accounted for the entire calendar-year underperformance. Similarly, the international strategy achieved positive contributions from Asia and Europe over the quarter, with the strongest country based relative performance coming from Japan. The US strategy quarterly performance was underpinned by positive stock selection for the Shopping Centers, Office and Apartment property types, all core sectors which we favored over the period. For the full year, stock selection was strongest in the Shopping Center, Apartment and Lodging sectors, with Office delivering a negative contribution on the back of a weaker start to the year. (All comments are based on preliminary attribution, gross of fees, for representative accounts)

Fund Performance & Market Analysis

For the one year period ending 31 December 2016 international property securities returned 5.02% in Euros as measured by the FTSE EPRA/NAREIT Developed ex-US Index (benchmark). The Fund declined -3.21% (in Euros) for the same period. Regionally, and based on USD returns, Asia was the strongest market, up 6.11% for the year 2016 while Europe declined -7.28%. Japan was the main detractor (primarily over 1H16), due mostly to negative allocation from J-REITs (underweight) and J-Developers (overweight). Additionally, our investments in the UK coupled with our underweight to Canada (it outperformed) detracted, while our investments in Sweden and France benefited performance somewhat.

Fund Performance & Market Analysis (continued)

Asia/Pacific

Australia: The Australian REITs saw further profit taking in the fourth quarter mainly driven by a sharp rise in the domestic 10-year bond yield. Economically, Australia's economy continues to hum along despite recent flash estimates pointing to a -0.5% Quarter over Quarter (QoQ) (+1.8% Year over Year (YoY)) contraction in GDP growth in the September quarter. Inflation remains in check and is trending below the Reserve Bank of Australia's (RBA) 2-3% target band and the labor market is stable as the unemployment rate holding reached a recent low of 5.6%. Real estate fundamentals are unchanged with the office market in Sydney expected to see effective rents continue to rise as vacancy and incentives fall. While this is our preferred sector, the upside appears to be priced into company valuations. Retail continues to face challenges with the news that large international retailers are looking to expand further in Australia, putting pressure on domestic brands; these international retailers use their heft to negotiate lease terms that are more beneficial to themselves thereby limiting rental growth potential. We maintain our preference for the large high quality mall REITs whose portfolios are natural destinations for all tenant types.

Hong Kong: Hong Kong names underperformed over the quarter as the US Federal Reserve (Fed) increased interest rates by 25 bps. Additionally, the Hong Kong Government introduced further residential policy tightening in response to a rapid rise in the secondary home price. We now expect residential primary sales volumes to moderate, subsequent launches in smaller parcels and pricing to be accommodative without major price cuts. Consequently, we have reversed our incremental optimism for the residential sector. Similarly, our view of the office market has turned negative as we believe we have reached the peak in office rents and hence office rental growth will begin to suffer a declining rate of growth. Whilst Central office rents continue to increase (+2.3% QoQ for 4Q16), leasing volumes have trended down over the year and the bulk of strong rent increases in the current cycle is now behind us. While November retail sales declined -5.5% YoY, below the -2.9% YoY figure in October, total visitor arrivals improved marginally to -2.1% YoY and the decline in Mainland visitor arrivals was unchanged from October. We now expect YoY retail sales numbers to slowly improve off a low 2016 base with any small increases in tourist and domestic spend presenting upside risk to sales growth. Consequently, we are incrementally more constructive on the sector.

Japan: Japanese developers outperformed on the back of a weaker Yen as the US dollar strengthened following improved prospects for a normalization in global growth and the inflation outlook. Economic conditions have also improved with retail sales increasing +1.7% YoY in December, the unemployment rate at 3.1% and the jobs-to-applicants ratio at 1.4x delivering the tightest labor market conditions in two decades. The results season for the property developers continued to demonstrate robust earnings growth and firm asset values as rental growth was driven by tightening vacancies and expanding corporate demand. To that end, several developers raised their forecasts for full-year earnings in light of the better-than-expected fundamentals. On the fiscal front, the Japanese parliament made headway by passing the bill allowing for development of casinos and integrated resorts in Japan. We expect several beneficiaries in the real estate space in the form of hospitality companies and developers able to construct integrated multi-use complexes. We retain our pro-cyclical bias for growth and preference for the developers over the J-REITs.

China: We have tactically reduced our exposure to the residential developers, consolidating our holdings into the large state-linked names that benefit from better access to capital and have nationwide brands that should gain market share in a downturn. In fact, Chinese property developers corrected over the quarter as more local governments announced incremental measures to restrict speculative demand and increase down payment requirements. The National Bureau of Statistics reported that YTD national property sales values have increased +37.5% YoY, and that this has also led to increased risk appetite among the developers, with a +7.6% YoY rebound in GFA starts. However, as noted, the rate of growth has slowed following the tightening measures. Blue-chip developers continue to report strong growth and deliver counter-cyclical performance. We expect that government policy will remain supportive over the long-term, but now believe this uplift will be offset by a mixed mid-term outlook, with the market still consolidating on the back of policy constraints, high inventories, declining economic growth and deteriorating margins.

Singapore: Our negative outlook for Singapore remains as its economic growth decelerated further in 2016, with 2017 expectations also muted. Nevertheless, we believe the Singapore property market may be, at last, approaching an important inflection point; green shoots are appearing among certain sectors signalling that they are near or at their cyclical bottom. These sectors include office, business parks, and luxury residential. The office market was one which we identified in late 2015 as we believed valuations were discounting excessive concerns over large incoming supply. Our assessment that share prices would re-rate once supply showed signs of being absorbed, and, in fact, office REITs were the best performers in 2016. Occupancy rates for Business and Science Parks have been improving and rental reversions have turned positive aided by the government's drive to shift its economic reliance away from traditional manufacturing towards high knowledge-based manufacturing (R&D, content creation, biomedical). These are natural tenants for Business and Science Parks given their locations close to knowledge hubs. Lastly, luxury residential has seen increased interest given its -20% price correction from its 2013 peak, comparing favorably to the -11% overall market average. Singaporean luxury residential property now looks more attractive on a spread basis compared not only to the local mid-market but also to other global major luxury residential markets. Increased interest from overseas investors would be a positive given that they traditionally account for a third of luxury volumes.

Europe/UK

Brexit remains the biggest question mark for Europe. The fourth quarter enjoyed a relative rebound in confidence as economic data was stable; however, uncertainty remains high. We do expect 1Q17 will provide more substance regarding Brexit as the UK's self-imposed March-end target for invoking Article 50 approaches. Property valuations in the UK stabilized over the final quarter having fallen 3.6% in 3Q16 post Referendum, with the IPD UK index reporting capital growth of +0.1% in October and +0.3% in November and we expect a similar positive figure for December. In our view, this a short-term rebound. While there has been no noticeable decline in London office headline rents, the number of large lettings reported has diminished and we hear that tenant incentives are rising, implying 2-3% declines in rents. At the same time tenants are less keen to take longer leases. Trading for retailers remain mixed, particularly in-store, we continue to remain cautious over the retail outlook due to the combination of the structural threat of online retail and the declining profitability as a result of rising costs of rates, imports and staff. We are more constructive on the outlook for logistics, which is a key beneficiary of the structural changes to the retail sector, including supply chain reconfiguration, which is expected to see UK online non-food retail sales expected to reach 24% by 2020.

Fund Performance & Market Analysis (continued)

Europe/UK (continued)
Our exposure in the UK remains limited to companies whose valuations appear overly penalized, as well as several niche sectors which we expect will offer good fundamentals in any scenario, such as logistics, student accommodation and the residential-to-rent sectors.

On the Continent, rising reflationary expectations and corresponding upward moves in bond yields impacted sentiment towards property stocks, particularly those perceived to offer bond-proxy characteristics. Clusters such as German residential, the larger Continental European mall companies and the more interest rate sensitive Swedish sector suffered the most. We continue to see a good backdrop for real estate in Europe; the region is now seeing a broader based economic outlook, unemployment has continued to fall and confidence is generally improved. However, the challenge is pricing the political risk of ongoing challenges in the EU which are now more prevalent than ever, and it is this that provides us with an over-riding caution on the outlook. Over recent months, we have moderated our view on the German residential sector now that the strong revaluation gains achieved over 2016 have materialized, and in light of the increasing risk that rental regulation may limit rental growth as compared to other sectors. We remain invested in the sector but now prefer to focus on Berlin which enjoys an acute supply/demand imbalance. Perhaps aided by resolution of the extended uncertainty surrounding its elections, Spain is now demonstrating improved traction as landlords gain more pricing power. While take-up is likely to be down in 2016, we expect this to have shown to accelerate in the final quarter and into 2017; rents continue to push up to around the +10% level accompanied by reduced tenant incentives. Ireland continues to enjoy positive employment growth and strong demand for space, particularly by multi-national corporations. Take-up continues to be strong, and rental growth robust in the mid-single digits, with virtually no tenant incentives on prime space. While there is the risk of Brexit contagion for Ireland's economy, the Dublin office market may, however, attract London-based firms given commonality in language and time zones. Generally, transactional evidence continues to be supportive of appreciating asset values with yield compression seen in practically all markets, a phenomenon we expect to moderate but continue.

Outlook
As discussed at the start of this commentary, given recent events, we've, if anything, gained confidence in our previous assessment that the global economy had entered a regime characterized by rising inflation and an upward bias for 10-year sovereign bond yields. That view was, however, tempered by less confidence that we would see a significant uptick in global growth. In Europe, the potential for accelerating growth is likely muted and the trajectory of interest rate moves should be muted as well. Political risk in the form of populist leanings in 2017 French/German/Dutch elections could be de-stabilizing, so we are less constructive on region, with a preference for pockets of rent growth as cap rate compression is likely to slow in 2017. In Asia, we continue to favor core markets, particularly as the Japan outlook improves and Australia sold off. We have been reducing REITs in the regime in favor of companies with the ability to create value in an environment of rising interest rates, so we are increasingly willing to own developers in Japan, Singapore and Hong Kong. Given the shift in global currents noted above, we are gaining confidence that our investment philosophy – favoring real estate investment opportunities that offer attractive total returns, not solely yield – is back "in style."

EII Capital Management, Inc.
January 2017

Statement of manager's responsibilities and other information

Connected persons transactions
The Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank Regulations") states that any transaction carried out with a UCITS by a management company or depositary to a UCITS; and the delegates or sub-delegates of such a management company or depositary (excluding any non-group company sub-custodians appointed by a depositary); and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected person") must be carried out as if conducted at arm's length. Transactions must be in the best interests of the shareholders.

The Directors of the Manager are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 78 (4) (a) are applied to all transactions with connected parties; and the Directors are satisfied that transactions with connected persons entered into during the year complied with the obligations set out in Regulation 41 (1) (a) and (b) of the Central Bank Regulations.

Other information
On 15 November 2012, the Board voluntarily adopted the 'Corporate Governance Code Collective Investment Schemes and Management Companies' as published by Irish Funds in December 2011, as EII Real Estate Securities Advisers Limited (in its capacity as Manager) and as EII Property World Invest (ex-U.S.) Fund's corporate governance code with effect from the start of the 2013 accounting period. The Fund has complied with the corporate governance code for the financial year ended 31 December 2016.

Statement of manager's responsibility
The Manager is responsible for preparing the EII Property World Invest (ex-U.S.) Fund (the "Fund") annual report and financial statements, in accordance with applicable law and regulations**.**

Irish law requires the Manager of the Fund to prepare financial statements for each financial year. The Manager has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applicable law.

The financial statements must give a true and fair view of the assets, liabilities and financial position of the Fund as at the financial year end date and of the profit/(loss) of the Fund for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Manager is required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Manager is responsible for ensuring that the Fund keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Fund, enable at any time the assets, liabilities, financial position and profit or loss of the Fund to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and the Central Bank Regulations and enable the financial statements to be audited.

On behalf of the Manager, EII Real Estate Securities Advisors Limited

Mary Broughan **Declan McCourt**

Date: 25 April 2017

Report of the Trustee to the Unitholders

For the period from 1st January 2016 to 31st December 2016 (the "**Period**")

BNY Mellon Trust Company (Ireland) Limited has enquired into the conduct of the Manager in respect of EII Property World Invest (ex-U.S.) Fund, a sub-fund of EII Property Funds (the "Trust"), for the Period ended 31 December 2016, in our capacity as Trustee to the Trust.

This report including the opinion has been prepared for and solely for the unitholders in the Trust, in accordance with Regulation 34 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011) (the "Regulations"), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Trustee

Our duties and responsibilities are outlined in the Regulation 34 of the Regulations. One of those duties is to enquire into the conduct of the Trust in each annual accounting period and report thereon to the unitholders.

Our report shall state whether, in our opinion, the management has managed the Trust in that period in accordance with the provisions of the Trust's Trust Deed and the Regulations. It is the overall responsibility of the Manager to comply with these provisions. If the management of the Trust has not done so, we as Trustee must state in what respects it has not done so and the steps which we have taken in respect thereof.

Basis of Trustee opinion

The Trustee conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34 of the Regulations and to ensure that, in all material respects, the management has managed the Trust:

(i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and;

(ii) otherwise in accordance with the Trust's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the management has managed the Trust during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee by the Trust Deed and by the Regulations; and

(ii) otherwise in accordance with the provisions of the Trust Deed and the Regulations.

For and on behalf of
BNY Mellon Trust Company (Ireland) Limited
Guild House
Guild Street
International Financial Services Centre
Dublin 1
Ireland

Date: 25 April 2017

Independent Auditors' report to the unitholders of EII Property World Invest (ex-U.S.) Fund

We have audited the financial statements of EII Property World Invest (ex-U.S.) Fund ("the Fund") for the year ended 31 December 2016 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations) 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

2. We have nothing to report in respect of matters on which we are required to report by exception

International Standards on Auditing ("ISAs") (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Manager's Responsibilities set out on page 7, the Manager of the Trust is responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Manager of the Trust; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Trust's unitholders, as a body, in accordance with Regulation 93 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

25 April 2017

John Ahern
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Statement of financial position
As at 31 December 2016

EII Property World Invest (ex-U.S.) Fund	Note	31 December 2016 EUR	31 December 2015 EUR
Assets			
Cash and cash equivalents	4	1,346,790	571,031
Financial assets at fair value through profit or loss	3		
- Transferable securities		33,709,566	36,760,457
Subscriptions receivable		-	122,198
Accrued income		99,240	99,296
Prepaid expenses	12	3,121	8,631
Total assets		**35,158,717**	**37,561,613**
Liabilities			
Securities purchased payable		112,827	-
Redemptions payable		-	122,198
Investment management and distributor fee payable	5	36,316	41,995
Manager fee payable	6	6,973	8,067
Audit fee payable	9	17,219	17,266
Trustee fee payable	8	13,170	14,601
Other expenses payable	12	17,514	12,146
Total liabilities (excluding net assets attributable to equity unitholders)		**204,019**	**216,273**
Net assets attributable to equity unitholders		**34,954,698**	**37,345,340**
Number of units in issue	13		
Euro Class A		153,094.688	157,576.195
Net asset value per unit	17		
Euro Class A		€228.321	€236.999

On behalf of the Manager, EII Real Estate Securities Advisors Limited

Mary Broughan **Declan McCourt**

Date: 25 April 2017

Statement of comprehensive income

For the financial year 31 December 2016

EII Property World Invest (ex-U.S.) Fund	Note	31 December 2016 EUR	31 December 2015 EUR
Investment income			
Dividend income		1,064,003	1,582,433
Other income		2,122	1,367
Net (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	3	(1,475,436)	4,943,698
Total investment (expense)/income		**(409,311)**	**6,527,498**
Expenses			
Investment management and distributor fee	5	460,826	845,606
Manager fee	6	88,619	162,615
Audit fee	9	17,173	16,036
Trustee fee	8	51,314	54,194
Other expenses	12	39,634	50,108
Total expenses		**657,566**	**1,128,559**
Finance costs			
Bank interest		22	61
Total finance costs		**22**	**61**
Net investment (expenditure)/income		**(1,066,899)**	**5,398,878**
Taxation			
Withholding tax on dividends	16	110,831	175,856
(Loss)/profit for the year		**(1,177,730)**	**5,223,022**

There were no gains/(losses) in the year other than the (loss)/profit attributable to equity unitholders.

Statement of changes in equity
For the financial year ended 31 December 2016

EII Property World Invest (ex-U.S.) Fund	**31 December 2016 EUR**	**31 December 2015 EUR**
Net assets attributable to equity unitholders at the start of the year	37,345,340	65,137,808
Total comprehensive income for the year		
(Loss)/profit for the year	(1,177,730)	5,223,022
Transactions with owners, recognised directly in equity		
Issue of units	221,251	122,253
Redemption of units	(1,286,379)	(33,006,032)
Dividends paid to unitholders	(157,119)	(384,029)
Dividend reinvested	9,335	252,318
Total transactions with owners	**(1,212,912)**	**(33,015,490)**
Net assets attributable to equity unitholders at the end of the year	**34,954,698**	**37,345,340**

Statement of cash flows

For the financial year ended 31 December 2016

EII Property World Invest (ex-U.S.) Fund	31 December 2016 EUR	31 December 2015 EUR
Cash flow from operating activities		
(Loss)/profit attributable to equity unitholders from operations	(1,177,730)	5,223,022
Adjustment for:		
Dividend income	(1,064,003)	(1,582,433)
Interest expense	22	61
Withholding taxes	110,831	175,856
Net operating cash flow before change in operating assets and liabilities	**(2,130,880)**	**3,816,506**
Net decrease in financial assets at fair value through profit or loss	3,050,891	26,374,685
Net decrease/(increase) in other receivables	5,510	(5,135)
Net decrease in other payables	109,944	(36,526)
Cash from operations	**1,035,465**	**30,149,530**
Dividend received	953,228	1,451,358
Interest paid	(22)	(61)
Net cash from operating activities	**1,988,671**	**31,600,827**
Cash flows from financing activities		
Dividends paid to equity unitholders	(157,119)	(384,029)
Issue of units	352,784	374,571
Redemption of units	(1,408,577)	(33,006,032)
Net cash used in financing activities	**(1,212,912)**	**(33,015,490)**
Net increase/(decrease) in cash and cash equivalents	775,759	(1,414,663)
Cash and cash equivalents at the start of the year	571,031	1,985,694
Cash and cash equivalents at the end of the year	**1,346,790**	**571,031**
Breakdown of cash and cash equivalents		
Cash and cash equivalents	1,346,790	571,051
Bank Overdraft	-	(20)

1. General information

EII Property Funds (the "Trust') was constituted under the laws of Ireland by a Trust Deed dated 10 July 1998 and commenced its activity in September 1998. The Trust is a unit trust established in Ireland in accordance with the provisions of the European Communities UCITS Regulations 2011 (as amended) (the "UCITS Regulations"). It has been authorised by the Central Bank of Ireland.

EII Property World Invest (ex-U.S.) Fund (the "Fund"), (formerly known as Global Property Fund) forms part of the Trust. These financial statements are for the Fund. Separate financial statements are prepared for EII Global Property Fund and EII US Property Fund which also form part of the Trust. These financial statements are available free of charge on request from EII Real Estate Securities Advisors Limited (the "Manager").

The Fund is listed on the Irish Stock Exchange ("ISE").

2. Significant accounting policies

(a) Basis of preparation

The audited financial statements of the Fund, for the year ended 31 December 2016, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the UCITS Regulations, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank Regulations"). The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities classified at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and these differences could be material.

(b) Standards, interpretations and amendments issued but not yet effective

IFRS 9 – Financial Instruments – Classification and Measurement
IFRS 9, published in July 2014, will replace the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The potential impact on the financial statements resulting from the application of IFRS 15 is being assessed.

(c) Foreign currency

(i) Functional and presentation currency

The functional currency of the Fund is Euro ("EUR"). The Fund has adopted the EUR as its presentation currency.

(ii) Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currencies of the Fund are translated into the functional currency using exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of assets and liabilities, denominated in foreign currencies, are recognised in the statement of comprehensive income in the period in which they arise.

(d) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its financial assets into the categories below in accordance with IAS 39.

- Financial assets held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the short term.
- Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with each fund's investment strategy.
- Financial assets and liabilities at amortised cost are cash and cash equivalents, securities sold receivable and securities purchased payable.

The Fund has classified all of its financial assets at fair value through profit or loss as designated at fair value through profit or loss for the reporting dates 31 December 2016 and 31 December 2015.

2. Significant accounting policies (continued)

(d) Financial assets at fair value through profit or loss (continued)

(ii) Recognition

All "regular way" purchases and sales of financial instruments are recognised using trade date accounting, the day that the Fund commits to purchase or sell the asset. From this date any gains and losses arising from changes in fair value of the financial assets are recorded. Regular way purchases, or sales, are purchases and sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

(iii) Measurement

At initial recognition financial assets categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the statement of comprehensive income.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- Investments in listed long equity positions are valued at their last traded price.

In the event that any of the assets on the relevant valuation day are not listed or dealt on any recognised exchange, such assets shall be valued by a competent person selected by the Directors and approved for such purpose by BNY Mellon Trust Company (Ireland) Limited (the "Trustee") with care and in good faith. There were no financial assets valued using this method as at the reporting dates 31 December 2016 and 31 December 2015.

(iv) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the right to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risk and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfer of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

(v) Offsetting

The Fund only offsets financial assets at fair value through profit or loss if the Fund has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Fund has no financial assets or financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

(vi) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a last traded price, because this price provides a reasonable approximation of the exit price. If there is no quoted price on an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

(e) Income

Dividends and interest arising on the investments are recognised as income of the Fund on an ex-dividend or interest date, and for deposits of the Fund, on an accrual basis.

(f) Securities purchased payable

Securities purchased payable represent payables for securities purchased that have been contracted for but not yet settled or delivered at the reporting date.

2. Significant accounting policies (continued)

(g) Net gain/loss from financial instruments at fair value through profit or loss

Net gain/loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences.

Net realised loss from financial assets at fair value through profit or loss is calculated using the average cost method.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, bank overdraft and short-term deposits held at Bank of New York Mellon SA/NV, a sub-custodian of the Trustee that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Short term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(j) Redeemable participating units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's unit in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- It entitles the holder to a pro rata unit of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value in the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable units meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

(k) Dividend payable to equity unitholders

Dividends to equity unitholders are recognised in the statement of changes in equity on ex-date.

(l) Transaction costs

Transaction costs are incremental costs, which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs are included in the statement of comprehensive income as part of net gain/(loss) on financial assets at fair value through profit or loss and foreign exchange.

The following costs are included in the transaction costs disclosure:

- identifiable brokerage charges and commissions and
- identifiable transaction related taxes and other market charges.

(m) Comparative figures

Prior year comparative figures are reclassified where necessary.

3. Financial assets at fair value through profit or loss

(i) Net gain/(loss) of financial assets at fair value through profit or loss and foreign exchange

For the financial year ended:

	31 December 2016 EUR	**31 December 2015 EUR**
Net realised (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	(362,805)	15,775,892
Change in unrealised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	(1,112,631)	(10,832,194)
Net (loss)/gain on financial assets designated at fair value through profit or loss and foreign exchange	**(1,475,436)**	**4,943,698**

3. Financial assets at fair value through profit or loss (continued)

(ii) Fair value of financial instruments

IFRS 13 – 'Fair value measurement', establishes a fair value hierarchy for inputs used in measuring fair value that classifies investments according to how observable the inputs are. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions, made in good faith, about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – Inputs that are quoted prices (unadjusted) in active markets for identical instruments;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market date; and

Level 3 – Inputs that are unobservable. This category includes all instruments for which the valuation technique include inputs not based on observable date and the unobservable inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Observable data is considered to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the perceived risk of EII Capital Management, Inc. (the "Investment Manager" and the "Distributor") of that instrument.

There were no transfers between level 1 and level 2 during the year (2015: nil).

The following table provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 as at the reporting date:

As at 31 December 2016

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Designated at fair value through profit or loss				
- Equity securities	33,709,566	-	-	33,709,566
Financial assets at fair value through profit or loss	**33,709,566**	**-**	**-**	**33,709,566**

As at 31 December 2015

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Designated at fair value through profit or loss				
- Equity securities	36,760,457	-	-	36,760,457
Financial assets at fair value through profit or loss	**36,760,457**	**-**	**-**	**36,760,457**

All other assets and liabilities held at the reporting dates 31 December 2016 and 31 December 2015 are carried at amortised cost and are classified as loans and receivables; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents have been classified at level 1, due to the liquid nature of the asset. All other assets and liabilities held have been classified at level 2.

4. Cash and cash equivalents

The below table shows the cash and cash equivalents held by the Fund at the reporting date:

	Credit rating (S&P)	Currency	31 December 2016 EUR equivalent balance	31 December 2015 EUR equivalent balance
Cash balances				
The Bank of New York Mellon SA/NV Brussels	AA-[1]	EUR	112,827	(20)
The Bank of New York Mellon SA/NV Brussels	AA-[1]	USD	3,492	-
The Bank of New York Mellon SA/NV Brussels	AA-[1]	GBP	-	1,304
Short term investment funds				
Goldman Sachs Euro Liquid Reserve Fund	AAAm	EUR	1,230,471	569,747
Total			**1,346,790**	**571,031**

[1] The S&P credit rating relates to The Bank of New York Mellon, the ultimate parent of BNY Mellon Trust Company (Ireland) Limited (the "Depositary"). The Depositary and sub-custodian do not have a credit rating.

Notes to the financial statements (continued)

For the financial year ended 31 December 2016

5. Investment management and distributor fee

The Investment Manager and Distributor receives a fee at the following annual fee rates paid out of the assets of each such class, monthly in arrears as outlined in the relevant supplement:

Sub-fund	Actual fees charged	%NAV[1]
EUR Class A	1.30%	1.50%

[1] The investment management and distributor fee may be increased on giving prior notification to relevant unitholders in the Fund.

The Investment Manager and Distributor may from time to time by agreement with the Manager accept a lesser fee.

The investment management and distributor's fee accrued at the reporting date and charged during the year are shown in the statement of financial position and the statement of comprehensive income respectively.

6. Manager fee

The Manager receives a management fee of 0.25% per annum of the Euro equivalent of the net asset value ("NAV") of each Fund plus VAT (if any). The fee is paid monthly in arrears and is subject to a minimum annual fee per Fund of the Euro equivalent of US$60,000.

The Manager is responsible for the fees of Capita Financial Administrators (Ireland) Limited (the "Administrator") out of its fee.

The manager fee accrued at the reporting date and charged during the year is shown in the statement of financial position and the statement of comprehensive income respectively.

7. Performance fee

The Investment Manager and Distributor is entitled to be paid a performance fee out of the assets of the Fund attributable to Euro Class units of the Fund as described below.

The performance fee is calculated on the outperformance Euro Class NAV per unit of the Fund and that of its benchmark which shall be an annual hurdle rate of 8% since the date a performance fee was last crystallised. Should the Euro Class units outperform the hurdle rate, and the Fund's NAV per unit before performance fee exceeds the high watermark at the end of that same year, the Investment Manager shall be entitled to a fee of 20% of the amount by which the class outperforms the hurdle rate. The high watermark is calculated by adjusting the reference NAV per unit by the annual hurdle rate over the performance period, pro rata. The reference NAV per unit is as at the last business day of the previous performance period at which performance fees were last earned by the Investment Manager or its initial issue price. The performance period is defined as any calendar quarter (e.g. as at end March, June, September and December). Any underperformance from previous performance periods must be taken into account when defining and calculating the high watermark. For the avoidance of doubt, underperformance is the amount, in a previous performance period, by which the hurdle rate over such performance period exceeded the performance of the NAV per unit of the Euro Class. In the event that the performance of a class over a performance period is less than its benchmark, no performance fee shall be payable in respect of that class until such cumulative underperformance relative to its benchmark has been recovered. The calculation of the performance fee will be adjusted to take into account any declaration of dividends of the Fund.

The performance fee accrues daily, is paid quarterly in arrears and will be calculated by the Administrator in respect of each performance period and paid at the end of each performance period. Any performance fee accrued on units redeemed prior to the end of the performance period will be payable to the Investment Manager. The performance fee will be verified by BNY Mellon Trust Company (Ireland) Limited (the "Trustee").

There were no performance fees accrued or charged during the year (2015: nil).

8. Trustee fee

Up to 31 March 2016, the Trustee received a fee of up to 0.02% per annum of the NAV of the Fund plus VAT (if any). The fees were paid monthly in arrears and subject to a minimum annual fee of €20,000.

Effective 1 April 2016, the Trustee received a fee of up to 0.03% per annum of the NAV of the Fund plus VAT (if any). The fee is paid monthly in arrears and subject to a minimum annual fee of €28,000 up to 31 March 2017 (this will be increased to €35,000 effective 1 April 2017).

The Trustee is entitled to transaction and dealing charges, which are paid out of the assets of the Fund at normal commercial rates. The Trustee's fee may be increased up to 1% on giving reasonable prior notification to the unitholders.

The trustee fee accrued at the reporting date and charge for the year is disclosed in the statement of financial position and the statement of comprehensive income respectively.

9. Audit fee

Fees and expenses charged by the Fund's statutory Auditor, KPMG, entirely relate to the audit of the financial statements and are €14,000 exclusive of VAT for the year (2015: €14,000). There were no fees and expenses charged in respect of other assurance, tax advisory or non-audit services provided by the statutory auditor for the year.

The audit fee accrued at the reporting date and fees charged during the year, including VAT, are disclosed in the statement of financial position and the statement of comprehensive income respectively.

10. Transaction costs

The Fund incurred transaction costs as follows for the year:

	31 December 2016 EUR	31 December 2015 EUR
Transaction costs	132,082	347,676

11. Exchange rates

The following exchange rates were used to convert the assets and liabilities, held in foreign currencies, into the base currency of the Fund at the reporting date.

Foreign currency	31 December 2016 Exchange rate to EUR	31 December 2015 Exchange rate to EUR
Australian Dollar	1.456636	1.493091
British Pound	0.853599	0.737019
Canadian Dollar	1.414473	1.389100
Hong Kong Dollar	8.177639	8.418952
Japanese Yen	123.020827	130.675893
Singapore Dollar	1.523798	1.541073
South Korean Won	1,273.927675	1,276.109108
Swedish Krona	9.581987	9.158121
United States Dollar	1.054751	1.086295

12. Other expenses

The below prepaid fees were held by the Fund at the reporting date:

	31 December 2016 EUR	31 December 2015 EUR
Regulatory fees	-	1,804
Directors' insurance fee	3,121	6,827
	3,121	**8,631**

The below accruals were held by the Fund at the reporting date:

	31 December 2016 EUR	31 December 2015 EUR
Legal and professional fees	10,870	5,897
Regulatory Fee	885	-
Other fees charged by the Administrator	5,759	6,249
	17,514	**12,146**

The below fees were charged through the statement of comprehensive income during the financial year ended:

	31 December 2016 EUR	31 December 2015 EUR
Bank charges	454	1,659
Regulatory fees	5,193	5,200
Directors' insurance fee	9,620	9,026
Legal and professional fees	14,373	17,571
Other fees charged by the Administrator	9,994	16,652
	39,634	**50,108**

13. Units in issue

The table below discloses the unit transactions in the Fund during the year:

	31 December 2016	31 December 2015
Euro Class A:		
Opening balance	157,576.195	288,613.160
Units issued	970.378	515.198
Units redeemed	(5,495.329)	(132,583.921)
Dividend reinvested	43.444	1,031.758
Closing balance	**153,094.688**	**157,576.195**

14. Financial instruments and associated risks

The investment objective for the Fund is to provide long term capital appreciation through investment in property company equities and other equity related securities which are listed on major exchanges and markets throughout the world in particular Europe and Asia but excluding the U.S. The Fund invests primarily in equity securities of property companies and REITs which have as their primary objective the ownership and management of real estate assets. While the predominance of the investments (90%) will be made in publicly traded equity securities (rated by a rating agency such as Standard & Poor's or any other recognised rating agency approved for the purpose by the Investment Manager and Distributor), some investments may be made in privately placed issues made by publicly listed issuers. The financial instruments held by the Fund are set out in the schedule of investments. The main risks relating to financial instruments are set out below.

Market risk
Market risk arises from uncertainty about future prices of financial investments held by the Fund, whether those changes are caused by factors specific to individual financial instruments, or other factors affecting a number of similar financial instruments traded in the markets. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. Market risk consists of currency risk, interest rate risk and market price risk.

14. Financial instruments and associated risks (continued)

Market risk (continued)

(i) Currency risk

Currency risk is the risk that as certain assets of the Fund may be invested in securities and other investments denominated in foreign currencies (i.e. non-functional currency), the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

Many of the assets of the Fund may be invested in other currencies and any income received by the Fund from these investments will be received in those currencies, some of which may fall in value against the functional currency of the Fund. Accordingly, the value of the units may be affected favourably or unfavourably by fluctuations in currency rates and the funds will therefore be subject to foreign exchange risks.

The Investment Manager monitors the Funds currency position on a daily basis and may enter into forward foreign currency exchange contracts to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in a foreign currency.

The following table sets out the Fund's total exposure to foreign currency risk as at the reporting date:

	31 December 2016 EUR	31 December 2015 EUR
Australian Dollar	5,078,625	2,949,771
British Pound	3,752,571	7,120,767
Canadian Dollar	1,832,377	-
Hong Kong Dollar	4,442,347	4,392,900
Japanese Yen	8,626,790	10,128,993
Singapore Dollar	1,774,598	1,097,424
South Korean Won	222,273	470,440
Swedish Krona	1,090,644	1,671,392
United States Dollar	342,573	595,433
Total	**27,162,798**	**28,427,120**

The following table demonstrates the impact on net assets attributable to equity unitholders of a movement in local currencies against the Funds' functional currency. The table assumes a 10% upwards movement in the value of the local currencies (a negative 10% would have an equal but opposite effect).

	31 December 2016 EUR	31 December 2015 EUR
EII Property World Invest (ex-U.S.) Fund	2,716,280	2,842,712

(ii) Interest rate risk

Interest rate risk represents the potential losses that the Fund might suffer due to adverse movements in relevant interest rates. The value of fixed interest securities may be affected by changes in the interest rate environment and the amount of income receivable from floating rate securities and bank balances, or payable on overdrafts, will also be affected by fluctuations in interest rates. In general, as rates rise, the price of a fixed bond will fall, and vice versa. For floating rate notes the interest will normally adjust in line with the specified rate. Other than the cash and cash equivalents held at the reporting date, the Fund is not significantly exposed to interest rate risk as majority of its investments are not in interest bearing securities.

(iii) Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All of the Fund's equity investments are listed on an official stock exchange. The Investment Manager reviews the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objectives. The portfolios selected seek to ensure that individual stocks also meet the risk reward profile that is acceptable.

The following table demonstrates the impact on net assets attributable to equity unitholders of a movement in equity market prices. The table assumes a 10% upwards movement in the value of the local currencies (a negative 10% would have an equal but opposite effect).

	31 December 2016 EUR	31 December 2015 EUR
EII Property World Invest (ex-U.S.) Fund	3,370,957	3,676,046

14. Financial instruments and associated risks (continued)

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's assets comprise mainly readily realisable securities which can be readily sold. The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Investment Manager will normally keep an allocation of cash to meet pending liabilities that may arise from time to time.

The below table summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The Fund's expected cash flows on these instruments do not vary significantly from this analysis, except for net assets attributable to equity unitholders, which the Fund has a contractual obligation to redeem within 2 days. Historical experience indicates that these units are held by unitholders on a medium or long term basis.

As at 31 December 2016

EII Property World Invest (ex-U.S.) Fund:	Less than 1 month EUR	1 to 6 Months EUR	6 to 12 Months EUR	Over 12 Months EUR	Total EUR
Financial liabilities					
Other liabilities	204,019	-	-	-	204,019
	204,019	**-**	**-**	**-**	**204,019**

As at 31 December 2015

EII Property World Invest (ex-U.S.) Fund:	Less than 1 month EUR	1 to 6 Months EUR	6 to 12 Months EUR	Over 12 Months EUR	Total EUR
Financial liabilities					
Other liabilities	216,273	-	-	-	216,273
	216,273	**-**	**-**	**-**	**216,273**

Credit risk
Credit risk is the risk that a Fund's counterparty or investment issuer will be unable or unwilling to meet a commitment that it has entered into and cause the Fund to incur a financial loss. The Fund will be exposed to settlement risk on parties with whom it trades and custodian risk on parties with whom the Fund has placed its assets in custody.

Settlement risk: Most transactions in listed securities are settled on a cash versus delivery basis ("DVP") with settlement a few days after execution. Default by the Broker could expose the Fund to an adverse price movement in the security between execution and default. Because the Fund would only be exposed to a potentially adverse market move (rather than 100% of the principal sum) during a short period, this risk is limited. In addition, default by regulated Brokers in the major markets is rare.

Custodian risk: Custody risk is the risk of loss of assets held in custody. This is not a "primary credit risk" as the unencumbered assets of the Funds are segregated from the Depositary's own assets and the Depositary requires its sub-custodians likewise to segregate non-cash assets. This mitigates custody risk but does not entirely eliminate it. The Depositary has the power to appoint sub-custodians, although, in accordance with the terms of the Depositary agreement, the Depositary's liability shall not be affected by the fact that it has entrusted some or all of the assets in safekeeping to any third party (in order for the Depositary to discharge this responsibility, the Depositary must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned and the Depositary must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged).

The S&P long term credit rating of the Bank of New York Mellon, the ultimate parent of the Trustee, is AA- at the reporting date (2015: AA-). The Depositary is not rated.

15. Involvement with unconsolidated structured entities

The interests in short term investment funds which the Fund holds at 31 December 2016, but that it does not consolidate, meet the definition of unconsolidated structured entities. The investment funds are open ended money market funds.

The table below sets out interests held by the Fund in unconsolidated structured entities at 31 December 2016 and 31 December 2015.

	Carrying Amount EUR	Total Net asset value at 31 December 2016 EUR
Goldman Sachs Euro Liquid Reserve Fund	1,230,471	966,697,947

	Carrying Amount EUR	Total Net asset value at 31 December 2015 EUR
Goldman Sachs Euro Liquid Reserve Fund	569,747	1,040,151,353

16. Taxation

The Fund qualifies as an investment undertaking as defined in Section 739b (1) of the Taxes Consolidation Act, 1997 (the "Taxes Act"). Under current Irish law and practice, the Fund is not chargeable to Irish tax on its income and gains. However, tax can arise on the happening of a "chargeable event" in the Fund. A chargeable event includes any dividend payments to unitholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a relevant period) of units or the appropriation or cancellation of units of a unitholder by the Fund for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Fund in respect of chargeable events in respect of a unitholder who is neither Irish resident nor ordinarily resident in Ireland at the time of the chargeable event provided that a relevant declaration is in place and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Dividends, interest and capital gains (if any) which the Fund receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Fund may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Fund the NAV will not be re-stated and the benefit will be allocated to the existing unitholders rateably at the time of the repayment. Any reclaims due to the Fund are accounted for on a receipt basis. In addition, where the Fund invests in securities that are not subject to local taxes, for example withholdings tax, at the time of acquisition, there can be no assurance that tax may not be charged or withheld in the future as a result of any change in the applicable laws, treaties, rules or regulations or the interpretation thereof.

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of units in the Fund. Where any subscription for or redemption of units is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets. No Irish stamp duty will be payable by the Fund on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a fund registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a fund (other than a fund which is an investment undertaking within the meaning of the Taxes Act) which is registered in Ireland.

17. Net asset values

	31 December 2016	31 December 2015	31 December 2014
Net asset value			
Euro Class A	€34,954,698	€37,345,340	€ 65,137,808
Net asset value per unit			
Euro Class A	€228.321	€236.999	€225.692

18. Dividend policy

The Manager intends to distribute annually within one month of the end of each accounting year or at such other times as it may determine to the unitholders in each Fund all net dividends, interest and other income received by each of the Funds subject to such adjustments as may be appropriate pursuant to the provisions of the Trust Deed. All income of the Fund not distributed and all capital gains, whether realised or unrealised, will be invested pursuant to the Fund's investment policy.

The following table shows the dividend charged during the financial year ended:

31 December 2016

Class	Currency	Dividend per unit	Final dividend paid	Income received on subscriptions	Income deducted on redemptions	Net dividend charge	Ex-date
Euro Class A	EUR	€0.9971	€157,119	(€520)	€96,422	€253,021	11 January 2016

31 December 2015

Class	Currency	Dividend per unit	Final dividend paid	Income received on subscriptions	Income deducted on redemptions	Net dividend charge	Ex-date
Euro Class A	EUR	€1.3306	€384,029	(€2,390)	€179,054	€560,693	12 January 2015

19. Fund Asset Regime

The Fund operates under a Fund Asset Model, whereby an umbrella collection account is held in the name of the Trust. The umbrella collection account is used to collect subscription monies from investors and pay out redemption monies and also dividends (where applicable) to unitholders. The balances held in the accounts are reconciled on a daily basis and monies are not intended to be held in the account for long periods. The monies held in the collection accounts are considered an asset of each sub-fund within the Trust. The monies held in the collection accounts are disclosed in the statement of financial position under cash and cash equivalents.

20. Related party disclosures

In accordance with IAS 24 'Related Party Disclosures' the related parties of the Fund and the required disclosures relating to material transactions with parties are outlined below.

Investment Manager and Distributor
The Investment Manager is considered a related party due to Mr. Christian A. Lange acting as Chief Executive Officer ("CEO") of the Investment Manager and Mr Andrew Cox serving as portfolio manager responsible for European Real Estate Securities for the Investment Manager. Both Christian A. Lange and Andrew Cox are directors of the Manager.

The Fund pays fees to the Investment Manager and Distributor at the rates set out in note 5. The Investment Manager is also entitled to performance fees, details of which are set out in note 7.

Manager
The Manager is considered a related party as it has significant influence over the Fund.

The Directors of the Manager are considered related parties to the Fund as they have a significant influence over the operations of the Trust.

The Independent Directors of the Manager receive a fee from the Manager. Both Christian A. Lange and Andrew Cox have waived their entitlement to a director's fee. There is no separate director fee charged to the Fund.

Aggregate Directors' fees charged to the Manager during the financial year ended 31 December 2016 amounted to €44,000 (2015: €44,000).

Details of fees charged by related parties are outlined below:

	31 December 2016 EUR	31 December 2015 EUR
Investment management and distributor fees	460,826	845,606
Manager fees	88,619	162,615

Other related parties
Mr Christian A. Lange is also Trustee of the Investment Manager's US Mutual Funds, EII Realty Securities Trust, and director of the ultimate parent company, EII Capital Holding, Inc.

Related party unitholder transactions
Mr Christian A. Lange held 9,129 units in the Fund as at the reporting date (2015: 9,087 units). There were no other units held in the Fund by related parties as at the reporting date (2015: nil).

21. Efficient portfolio management

No efficient portfolio management techniques were used during the year (2015: nil).

22. Capital management

The redeemable units issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's units in the Fund's net assets at each redemption date and are classified as liabilities. The Fund's objectives in managing the redeemable units are to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemptions.

23. Commitments and contingent liabilities

The Manager is not aware of any commitments or contingent liabilities of the Fund.

24. Changes to the prospectus

There were no significant changes to the prospectus during the year.

25. Events after the reporting date

The following table shows the dividend declared following the reporting date:

Class	Currency	Dividend per unit	Final dividend paid	Income received on subscriptions	Income deducted on redemptions	Net dividend charge	Ex-date
Euro Class A	EUR	€1.9098	€292,380	-	€5,324	€ 297,704	11 January 2017

26. Approval of financial statements

The audited financial statements were approved by the Manager on 25 April 2017.

	Currency	Nominal holdings	Fair value EUR	% NAV
Financial assets at fair value through profit or loss				
Equities				
Australia				
Propertylink Group	AUD	264,500	141,635	0.41%
Scentre Group	AUD	571,000	1,818,875	5.20%
Stockland	AUD	434,209	1,365,253	3.91%
Westfield Corp	AUD	266,600	1,716,769	4.91%
			5,042,532	**14.43%**
Bermuda				
Hongkong Land Holdings Ltd	USD	56,500	339,080	0.97%
			339,080	**0.97%**
Canada				
Allied Properties Real Estate Investment Trust	CAD	31,280	795,007	2.27%
RioCan Real Estate Investment Trust	CAD	54,768	1,031,106	2.95%
			1,826,113	**5.22%**
Finland				
Citycon OYJ	EUR	206,200	482,096	1.38%
			482,096	**1.38%**
France				
Gecina SA	EUR	5,600	736,120	2.11%
Klepierre	EUR	15,139	565,366	1.62%
Unibail-Rodamco SE	EUR	5,200	1,179,100	3.37%
			2,480,586	**7.10%**
Germany				
Deutsche Wohnen AG	EUR	44,300	1,321,912	3.78%
TLG Immobilien AG	EUR	45,700	818,030	2.34%
Vonovia SE	EUR	14,760	456,158	1.30%
			2,596,100	**7.42%**
Hong Kong				
China Overseas Land & Investment Ltd	HKD	336,116	844,643	2.42%
Sun Hung Kai Properties Ltd	HKD	154,707	1,853,993	5.30%
Link REIT	HKD	267,700	1,649,875	4.72%
China Resources Land Ltd	HKD	44,000	93,836	0.27%
			4,442,347	**12.71%**
Ireland Republic Of				
Green REIT plc	EUR	258,100	354,113	1.01%
			354,113	**1.01%**
Japan				
Activia Properties Inc	JPY	237	1,061,503	3.04%
Advance Residence Investment Corp	JPY	149	374,254	1.07%
Invincible Investment Corp	JPY	1,077	461,368	1.32%
Japan Real Estate Investment Corp	JPY	202	1,045,953	2.99%
Mitsubishi Estate Co Ltd	JPY	91,500	1,731,140	4.95%
Mitsui Fudosan Co Ltd	JPY	58,800	1,292,903	3.70%
Nippon Building Fund Inc	JPY	224	1,178,077	3.37%
Nomura Real Estate Holdings Inc	JPY	21,800	352,285	1.01%
Sumitomo Realty & Development Co Ltd	JPY	43,200	1,090,703	3.12%
			8,588,186	**24.57%**
Luxembourg				
ADO Properties SA	EUR	4,300	137,643	0.39%
			137,643	**0.39%**
Singapore				
Ascendas Real Estate Investment Trust	SGD	158,600	236,266	0.68%
CapitaLand Ltd	SGD	167,600	332,165	0.95%
City Developments Ltd	SGD	48,000	260,822	0.75%
Frasers Logistics & Industrial Trust	SGD	1,393,500	845,904	2.42%
Wing Tai Holdings Ltd	SGD	95,300	99,440	0.28%
			1,774,597	**5.08%**
Spain				
Merlin Properties Socimi SA	EUR	57,983	598,964	1.71%
			598,964	**1.71%**
South Korea				
Shinsegae Inc	KRW	1,600	221,049	0.63%
			221,049	**0.63%**

	Currency	Nominal holdings	Fair value EUR	% NAV
Financial assets at fair value through profit or loss (continued)				
Sweden				
Castellum AB	SEK	39,800	518,788	1.48%
Fabege AB	SEK	36,800	571,856	1.64%
			1,090,644	**3.12%**
United Kingdom				
Grainger PLC	GBP	214,500	597,565	1.71%
Great Portland Estates PLC	GBP	105,472	826,009	2.36%
Land Securities Group PLC	GBP	72,200	901,656	2.60%
Segro PLC	GBP	147,300	790,513	2.26%
UNITE Group PLC/The	GBP	87,300	619,773	1.77%
			3,735,516	**10.70%**
Total equities (2015: 98.40%)			**33,709,566**	**96.44%**
Total financial assets at fair value through profit or loss (2015: 98.40%)			**33,709,566**	**96.44%**
Cash and cash equivalents and other net assets			1,245,132	3.56%
Net assets attributable to equity unitholders (2015: 100.00%)			**34,954,698**	**100.00%**

Analysis of total assets	**% of total assets**
Transferable securities listed on an official stock exchange	95.88%
Other current assets	4.12%
	100.00%

Statement of significant portfolio movements (unaudited)

For the financial year ended 31 December 2016

The Central Bank Regulations requires all material changes that have occurred in the disposition of the assets of the UCITS to be documented in the annual report. A material change is defined as the aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales for the year.

Purchases	**Cost EUR**
Westfield Corp	2,575,380
Scentre Group	1,896,697
Link REIT	1,852,278
Nippon Building Fund Inc	1,450,592
Japan Real Estate Investment Corp	1,424,583
RioCan Real Estate Investment Trust	1,387,237
Deutsche Wohnen AG	1,338,217
Vicinity Centres	1,198,891
Mitsubishi Estate Co Ltd	1,115,961
Activia Properties Inc	1,090,084
Dexus Property Group	1,000,585
Invincible Investment Corp	899,682
Merlin Properties Socimi SA	843,075
Frasers Logistics & Industrial Trust	842,069
Allied Properties Real Estate Investment Trust	825,181
Segro PLC	734,065
CapitaLand Commercial Trust	676,455
Land Securities Group PLC	623,578
Castellum AB	497,036
UNITE Group PLC/The	471,912
Citycon OYJ	444,732
Unibail-Rodamco SE	443,584
China Overseas Land & Investment Ltd	415,163
Advance Residence Investment Corp	372,408
Hammerson PLC	354,495
China Resources Land Ltd	346,206
CapitaLand Ltd	336,981
Vonovia SE	321,577
Grainger PLC	317,648

Sales	**Proceeds EUR**
Mitsubishi Estate Co Ltd	2,222,110
Dexus Property Group	1,974,321
Vonovia SE	1,348,642
Vicinity Centres	1,294,301
Sumitomo Realty & Development Co Ltd	1,094,973
Klepierre	1,029,981
Land Securities Group PLC	998,117
CapitaLand Commercial Trust	961,273
Invincible Investment Corp	960,132
Unibail-Rodamco SE	892,757
Eurocommercial Properties NV	877,241
Derwent London PLC	850,830
Westfield Corp	848,749
Nomura Real Estate Holdings Inc	837,455
CapitaLand Ltd	810,402
Sun Hung Kai Properties Ltd	796,663
Gecina SA	759,126
Castellum AB	747,765
British Land Co PLC/The	740,832
Stockland	719,375
China Resources Land Ltd	710,240
Hammerson PLC	702,968
Mitsui Fudosan Co Ltd	653,812
Scentre Group	636,889
RioCan Real Estate Investment Trust	583,201
Link REIT	567,696
Fabege AB	523,193
Aeon Mall Co Ltd	482,652
Merlin Properties Socimi SA	402,053
Hongkong Land Holdings Ltd	394,066
Kerry Properties Ltd	382,698
St Modwen Properties PLC	367,202
Hulic Co Ltd	366,751
Hang Lung Properties Ltd	358,237
ICADE	326,330
Japan Real Estate Investment Corp	313,185

Soft commissions

The Investment Manager and Distributor do not intend to cause the Fund to pay any soft commissions to Brokers or financial institutions except in exchange for direct research on companies and markets. If it does enter into any soft commission arrangements it will ensure that the Broker or other counterparty will provide best execution to the Fund and that the benefits provided assist in the provision of investment services to the Fund. There were no soft commissions during the year (2015: nil).

Total expense ratio

Class	31 December 2016	31 December 2015
Euro Class A	1.85%	1.73%

Appendix 1 – Remuneration disclosure (unaudited)

For the financial year ended 31 December 2016

Remuneration

The manager of the Trust is EII Real Estate Securities Advisors Limited (the Manager).

In accordance with the European Union (Undertakings for Collective Investment in Transferable Securities) Regulations 2016, as amended, the Manager adopted a remuneration policy which in the case of the Manager, only applies to certain Directors as it has no employees.

The Manager has a Board of Directors, two of which are separately employed by the Investment Manager and receive no remuneration from the Manager. The remaining two directors, each of whom is independent, receive a fixed fee only and do not receive performance-based or variable remuneration. The fixed fees payable to such members of the Board of Directors are based on an expected number of meetings and the work required to oversee the operations of the Manager and the Trust, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The aggregate amount of remuneration paid to those Directors for the financial year was €44,000.

The Manager's remuneration policy was adopted by the Board of Directors during the course of the year to which this report relates and no material changes have been made to the remuneration policy during the financial year.